

State of Utah

Department of **Natural Resources**

MICHAEL R. STYLER Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA Division Director JON M. HUNTSMAN, JR. Governor

GARY R. HERBERT Lieutenant Governor

Representatives Present During the Inspection:	

Pete Hess Environmental Scientist III

Inspection Report

Permit Number:	C0070011			
Inspection Type:	PARTIAL			
Inspection Date:	Thursday, June 05, 2008			
Start Date/Time:	6/5/2008 8:32:00 AM			
End Date/Time:	6/5/2008 9:45:00 AM			
Last Inspection:	Friday, May 16, 2008			

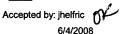
Inspector: Pete Hess, Environmental Scientist III

Weather: Windy, overcast; heavy rain within last 24 hours

InspectionID Report Number: 1668

Thursday, June 05, 2008

Date



Permitee: HIAWATHA COAL CO INC Operator: HIAWATHA COAL CO INC

Site: HIAWATHA MINE COMPLEX

Address: PO BOX 1245, HUNTINGTON UT 84528

County: CARBON

Permit Type: PERMANENT COAL PROGRAM

Permit Status: ACTIVE

Current Acreages

Mineral Ownership

Types of Operations

12,177.00 **Total Permitted** ✓ Federal ✓ Underground 290.00 **Total Disturbed** ✓ State Surface Phase I ☐ Loadout County Phase II Processing Phase III Other Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Mr. Shawn Baker represented Hiawatha Coal Company during today's partial inspection. There are no pending compliance actions for this site.

Inspector's Signature:

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801 telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • www.ogm.utah.gov Permit Number: C0070011 Inspection Type: PARTIAL

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

- 1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
- 2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
- 3. Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.
- 4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

		Evaluated	Not Applicable	Comment	Enforcement
1.	Permits, Change, Transfer, Renewal, Sale	✓			
2.	Signs and Markers	✓			
3.	Topsoil				
4.a	Hydrologic Balance: Diversions	V		✓	
4.b	Hydrologic Balance: Sediment Ponds and Impoundments	✓		✓	
4.c	Hydrologic Balance: Other Sediment Control Measures				
4.d	Hydrologic Balance: Water Monitoring	✓		V	
4.e	Hydrologic Balance: Effluent Limitations				
5.	Explosives				
6.	Disposal of Excess Spoil, Fills, Benches				
7.	Coal Mine Waste, Refuse Piles, Impoundments				
8.	Noncoal Waste	V			
9.	Protection of Fish, Wildlife and Related Environmental Issues				
10.	Slides and Other Damage	✓		✓	
11.	Contemporaneous Reclamation				
12.	Backfilling And Grading		✓		
13.	Revegetation			-	
14.	Subsidence Control		✓		
15.	Cessation of Operations		V		
16.a	Roads: Construction, Maintenance, Surfacing				
16.Ł	Roads: Drainage Controls				
17.	Other Transportation Facilities				
18.	Support Facilities, Utility Installations				
19.	AVS Check				
20.	Air Quality Permit				
21.	Bonding and Insurance	✓		V	
22.	Other				

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1. Permits, Change, Transfer, Renewal, Sale

4.a Hydrologic Balance: Diversions

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Pond #7 did not contain a water volume. Ditches DD2 and DD3 report to this impoundment structure.

4.d Hydrologic Balance: Water Monitoring

The DOGM water monitoring database contains surface and ground water data for the Hiawatha permit area for the fourth quarter of 2007. The Permittee notified the DOGM that this information was in the pipeline as of March 7, 2008. As of June 4, 2008, the data had not been uploaded into the permanent data base. The Permittee is concerned that this information may be lost if it remains in the DOGM pipline for an excessive length of time. If the data is lost, a re-submittal (which may require the new insertion of all data) would be necessary.

10. Slides and Other Damage

The Permittee has repaired the erosion cut on the crest of the slope west of catch basin #4; this is on the very edge of the railroad right-of-way. The berm was reconstructed with the coal material which exists in this area. Washed fines on this outslope will report into the catch basin #4. The Permittee has also repaired the erosion cut in the northeast ditch DD6, which is on the east side of the reclaimed slurry pond #4. The ditch has been regraded, and large rock has been placed at the steep gradient section to minimize future erosion. The outlet of DD6 where it enters borrow area "F" has also been armored with native rock to minimize future erosion.

21. Bonding and Insurance

The Division notified the Permittee's representative, Mr. Mark Reynolds, on May 16 that a NOV would be issued if the full bond amount of 3.7 million dollars was not in place by June 16, 2008. Mr. Charles Reynolds, P.E., and General Manager for C.W. Mining Company has requested additional time from the Division (until June 30, 2008) to get a cash bond in place to make up the diffence between the current letter of credit from Chase Bank and the required amount of 3.7 nillion dollars.